

Message Text

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ACTION EA-09

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DEPARTMENT PLEASE PASS TO AGRICULTURE

E.O. 11652: N/A
TAGS: PGOV, ID
SUBJECT: CORRUPTION CASE IN BULOG

REF: JAKARTA 15332

1. THE SIX BILLION RUPIAH SCANDAL UNCOVERED IN THE EAST KALIMANTAN
BULOG OPERATION LAST MONTH (REFTEL) CONTINUES TO RECEIVE A GREAT DEAL
OF PUBLICITY IN THE JAKARTA PRESS. A TOTAL OF 17 BULOG OFFICIALS HAVE
NOW BEEN ARRESTED IN THE CASE AND THERE ARE RUMORS THAT OTHERS WILL BE

IMPLICATED.

2. WHILE MOST OF THE PRESS COVERAGE OF THE INCIDENT SO FAR HAS BEEN
FAIRLY STRAIGHTFORWARD, WITHOUT POINTING ANY PARTICULAR FINGERS OF
BLAME AT HIGHER OFFICIALS, BULOG CHIEF GENERAL BUSTANIL ARIFIN HAS
EXPRESSED TO THE AGRICULTURAL ATTACHE HIS FEELING THAT THERE IS A
PRESS CAMPAIGN TO "GET HIM." THE LATEST ISSUE OF THE TIME-STYLE
NEWS MAGAZINE TEMPO PARTICULARLY IRRITATES ARIFIN. THE COVER IS
DEVOTED TO A VERY UNFLATTERING PORTRAIT OF THE GENERAL, BENEATH A
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BANNER READING "BULOG AND CORRUPTION." THE ISSUE CONTAINS THREE
SEPARATE PIECES ON BULOG, AN UP-DATE ON THE SCANDAL, A GENERAL
DESCRIPTION OF THE BULOG OPERATION AND THE HUGE AMOUNTS OF MONEY
INVOLVED, AND AN INTERVIEW WITH ARIFIN.

3. THE UP-DATE CONTAINS A BLOW-BY-BLOW ACCOUNT OF THE ACTIONS OF

THE PRINCIPAL CULPRITS IN THE SCANDAL WHEN THEIR PERFIDY WAS UNCOVERED, COMPLETE WITH HASTY FLIGHTS TO POINTS UNKNOWN AND BONFIRES OF INCRIMINATING FILES. THE ONLY SIGNIFICANT NEW ITEM IN THE TEMPO UP-DATE IS THE REVELATION THAT "FOUR OFFICIALS OF THE GOVERNOR'S

OFFICE" IN EAST KALIMANTAN ARE RUMORED TO BE IMPLICATED IN THE SCANDAL. THE GENERAL DESCRIPTION OF THE BULOG SYSTEM MAKES CLEAR THAT TEMPTINGLY ENORMOUS SUMS OF MONEY ARE INVOLVED IN BUILDING BULOG WAREHOUSES AND PROCURING GRAIN, BUT DOES NOTE THAT THE WEAK PRIVATE DISTRIBUTION SYSTEM IN INDONESIA REQUIRES A BULOG-TYPE OPERATION. ARIFIN'S INTERVIEW CONCENTRATES ON THE QUESTION OF WHY IT TOOK TWO OR THREE YEARS TO UNCOVER THE SCANDAL (ARIFIN'S ANSWER: QUOTE BULOG WAS NOT SET UP TO LOOK FOR FALSIFICATIONS. WE DO NOT EXPECT OUR EMPLOYEES TO BE DISHONEST. COMPLETE REPORTS FROM THE STATE ACCOUNTANTS

SAID EVERYTHING WAS IN ORDER END QUOTE) AND WHAT IS BEING DONE TO PREVENT ITS REOCCURRENCE (ARIFIN: QUOTE I AM INVESTIGATING ALL OF BULOG, FROM ITS FINANCES, THE LIFE STYLES OF ITS OFFICIALS, TO THE PRACTICE OF DOUBLE-HATTING, WHICH MIGHT DISRUPT OUR OPERATIONS END QUOTE)M ARIFIN DID REVEAL THAT THE WIFE OF THE ACCUSED EAST KALIMANTAN BULOG CHIEF ONCE DID GIVE HIS WIFE A PRESENT AT A FAMILY WEDDING BUT DENIED TAKING OTHER FAVORS, WHICH HE ADMITTED WERE OFFERED.
NEWSOM

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